

RECEIVED
SURFACE TRANSPORTATION
BOARD

ALVORD AND ALVORD

ATTORNEYS AT LAW

918 SIXTEENTH STREET, N.W.

SUITE 200

WASHINGTON, D.C.

20006-2973

(202) 393-2266

FAX (202) 393-2156

ELIAS C. ALVORD (1942)
ELLSWORTH C. ALVORD (1964)

DEC 23 12 48 PM '98

RECORDATION NO. 21896

FILED

OF COUNSEL
URBAN A. LESTER

DEC 23 '98

12-50 PM

RECORDATION NO. 21896-A, B, C, D

FILED

DEC 23 '98

12-50 PM

December 23, 1998

Mr. Vernon A. Williams
Secretary
Surface Transportation Board
Washington, D.C. 20423

Re: NorRail (1998A-1)

Dear Mr. Williams:

Enclosed for recordation pursuant to the provisions of 49 U.S.C. Section 11301(a), are six (6) copies of a Memorandum of Lease Agreement (1998A-1), dated as of December 22, 1998, a primary document as defined in the Board's Rules for the Recordation of Documents; and six (6) copies of each of the following secondary documents related thereto: a Memorandum Lease Supplement (1998A-1) No. 1, dated December 23, 1998, Trust Indenture and Security Agreement (1998A-1), dated as of December 22, 1998, Indenture Supplement (1998A-1) No. 1, dated December 23, 1998 and Lease Assignment (1998A-1), dated as of December 22, 1998.

The names and addresses of the parties to the enclosed documents are:

Lease Agreement
Lease Supplement No. 1

Owner Trustee/Lessor: First Omni Bank, National Association
499 Mitchell Street
Millsboro, Delaware 19966

Lessee: NorRail, Inc.
308 12th Avenue South
Buffalo, Minnesota 55313

Mr. Vernon A. Williams
December 23, 1998
Page 2

Indenture and Security Agreement
Indenture Supplement No. 1
and Lease Assignment

Owner Trustee/ First Omni Bank, National Association
Assignor: 499 Mitchell Street
 Millsboro, Delaware 19966

Indenture Trustee/ Wilmington Trust Company
Assignee Rodney Square North
 1100 North Market Street
 Wilmington, Delaware 19890

A description of the railroad equipment covered by the enclosed documents is set forth on Exhibit A attached hereto.

Also enclosed is a check in the amount of \$130.00 payable to the order of the Surface Transportation Board covering the required recordation fee.

Kindly return one stamped copy of the enclosed document to the undersigned.

Very truly yours,



Robert W. Alvord

RWA/bg
Enclosures

SURFACE TRANSPORTATION BOARD
WASHINGTON, D.C. 20423-0001

OFFICE OF THE SECRETARY

Date: 12/23/98

Robert W. Alvord
Alvord And Alvord
918 Sixteenth St., NW., Ste. 200
Washington, DC., 20006-2973

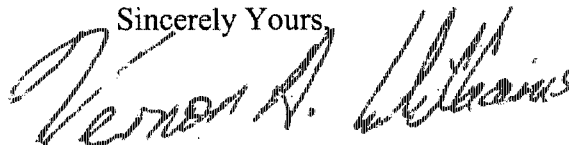
Dear Sir:

The enclosed document(s) was recorded pursuant to the provisions of 49 U.S.C. 11301

and 49 CFR 1177.3(c), on 12/23/98 at 12:50 PM , and

assigned recordation number(s). 21896, 21896-A, 21896-B, 21896-C, 21896-D,
21897, 21897-A, 21897-B, 21897-C and 21897-D.

Sincerely Yours,



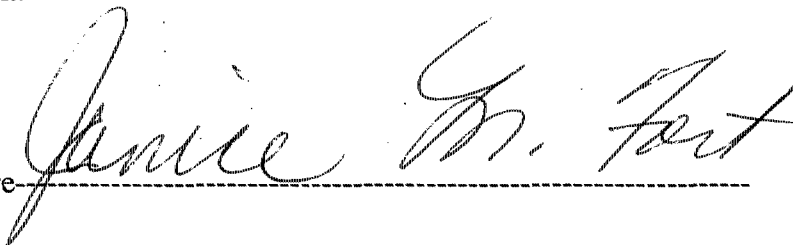
Vernon A. Williams

Enclosure(s)(10)

260.00

\$_____ The amount indicated at the left has been received in payment of a fee in connection with a document filed on the date shown. This receipt is issued for the amount paid. In the event of an error or any questions concerning this fee, you will receive a notification after the Surface Transportation Board has an opportunity to examine your document.

Signature



MEMORANDUM OF LEASE (1998A-1) DEC 23 '98

12-50PM

MEMORANDUM OF LEASE (1998A-1), made and entered into as of December 22, 1998 by and between FIRST OMNI BANK, NATIONAL ASSOCIATION, a national banking association, not in its individual capacity but solely as Owner Trustee under the Trust Agreement (1998A-1) dated as of December 22, 1998, as Lessor (the "Lessor") and NORRAIL, INC., a Minnesota corporation, as Lessee (the "Lessee").

WITNESSETH:

The undersigned have entered into the certain Lease Agreement (1998A-1), dated as of December 22, 1998 (the "Lease"), whereby the Lessor has agreed to lease to the Lessee and the Lessee has agreed to lease from the Lessor certain railroad rolling stock bearing road numbers as listed on Exhibit A attached hereto, subject to the term defined in said Lease.

IN WITNESS WHEREOF, the parties hereto have each caused this memorandum to be duly executed by their respective officers duly authorized as of the date and year first above written.

FIRST OMNI BANK, NATIONAL
ASSOCIATION, not in its individual
capacity but solely as Owner Trustee under
the Trust Agreement (1998A-1) dated as of
December 22, 1998.

By: Robert D. Brown

Name: Robert D. Brown

Title: Vice President

NORRAIL, INC.

By: _____

Name:

Title:

By: _____

Name:

Title:

STATE OF

)

MARYLAND

) SS.:)

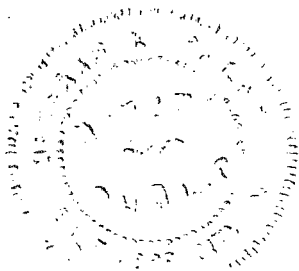
CITY OF

)

BALTIMORE

On this, the 31st day of December, 1998, before me, a Notary Public in and for said City and State, personally appeared Robert D. Brown, who being by me duly sworn, says that (s)he is the Vice President of FIRST OMNI BANK, NATIONAL ASSOCIATION, not in its individual capacity, but solely as Owner Trustee under the Trust Agreement (1998A-2) dated as of December 22, 1998, that said instrument was signed on December 21, 1998 on behalf of said corporation by authority of its Board of Directors, and (s)he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation, as Owner Trustee.

IN WITNESS WHEREOF, I have hereunto set my hand and official seal on the date above mentioned.



Deborah K. Bailey

Name: Deborah K. Bailey

Notary Public

My Commission Expires: 4/13/2002

Residing in Baltimore City

MEMORANDUM OF LEASE (1998A-1)

MEMORANDUM OF LEASE (1998A-1), made and entered into as of December 22, 1998 by and between FIRST OMNI BANK, NATIONAL ASSOCIATION, a national banking association, not in its individual capacity but solely as Owner Trustee under the Trust Agreement (1998A-1) dated as of December 22, 1998, as Lessor (the "Lessor") and NORRAIL, INC., a Minnesota corporation, as Lessee (the "Lessee").

WITNESSETH:

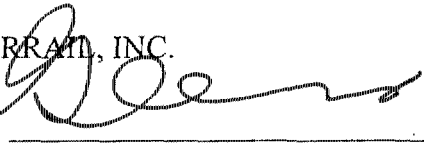
The undersigned have entered into the certain Lease Agreement (1998A-1), dated as of December 22, 1998 (the "Lease"), whereby the Lessor has agreed to lease to the Lessee and the Lessee has agreed to lease from the Lessor certain railroad rolling stock bearing road numbers as listed on Exhibit A attached hereto, subject to the term defined in said Lease.


IN WITNESS WHEREOF, the parties hereto have each caused this memorandum to be duly executed by their respective officers duly authorized as of the date and year first above written.

FIRST OMNI BANK, NATIONAL
ASSOCIATION, not in its individual
capacity but solely as Owner Trustee under
the Trust Agreement (1998A-1) dated as of
December 22, 1998.

By: _____
Name:
Title:

NORRAIL, INC.

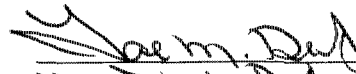
By: 
Name:
Title: George W. Calver
President

By: 
Name: Andrew Baranowsky
Title: Treasurer

STATE OF)
Vermont) SS.:
COUNTY OF)
Ch. Hendon

On this, the 21 day of December 1998, before me, a Notary Public in and for said County and State, personally appeared George W. Colver, who being by me duly sworn, says that (s)he is the President of NORRAIL, INC., that said instrument was signed on December 21, 1998 on behalf of said corporation by authority of its Board of Directors, and (s)he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

IN WITNESS WHEREOF, I have hereunto set my hand and official seal on the date above mentioned.


Name: TAE M. DeGray
Notary Public
My Commission Expires: 2-10-99
Residing in East Middlebury

STATE OF)
Vermont) SS.:
COUNTY OF)
Ch. Hendon

On this, the 21 day of December 1998, before me, a Notary Public in and for said County and State, personally appeared Andrew Baranowsky who being by me duly sworn, says that (s)he is the Treasurer of NORRAIL, INC., that said instrument was signed on December 21, 1998 on behalf of said corporation by authority of its Board of Directors, and (s)he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

IN WITNESS WHEREOF, I have hereunto set my hand and official seal on the date above mentioned.

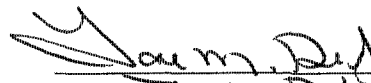

Name: TAE M. DeGray
Notary Public
My Commission Expires: 2-10-99
Residing in East Middlebury

EXHIBIT A

Equipment	Quantity	Road Numbers
73' (286,000 lb.) Center Beam Bulkhead Flatcars manufactured in 1998 by Gunderson	100	HLSC 002250 through HLSC 002349, inclusive
73' (286,000 lb.) Center Beam Bulkhead Flatcars manufactured in 1997 by Gunderson	24	HLSC 002350 through HLSC 002373, inclusive
73' (286,000 lb.) Center Beam Bulkhead Flatcars manufactured in 1997 by Gunderson	10	HLSC 002375 through HLSC 002384, inclusive
73' (286,000 lb.) Center Beam Bulkhead Flatcars manufactured in 1997 by Gunderson	14	HLSC 002386 through HLSC 002399
73' (286,000 lb.) Center Beam Bulkhead Flatcars manufactured in 1998 by National Steel Car Limited	200	CRLE 020515 through CRLE 020714, inclusive
73' (286,000 lb.) Center Beam Bulkhead Flatcars manufactured in 1998 by National Steel Car Limited	5	TR 165550 through TR 165554, inclusive
73' (286,000 lb.) Center Beam Bulkhead Flatcars manufactured in 1998 by National Steel Car Limited	120	CHTT 273200 through CHTT 273319, inclusive
5150 Cubic Foot (286,000 lb.) Covered Hoppers manufactured in 1998 by Thrall Car Manufacturing	400	NRLX 005150 through NRLX 005549
52' 6" (286,000 lb.) Mill Gondolas manufactured in 1998 by Trinity Industries	25	NS 195310 through NS 195334, inclusive
52' 6" (286,000 lb.) Mill Gondolas manufactured in 1998 by Trinity Industries	50	LVRN 000100 through LVRN 000149, inclusive
52' 6" (286,000 lb.) Mill Gondolas manufactured in 1998 by Thrall Car Manufacturing	50	WSOR 041001 through WSOR 041050, inclusive

5650 Cubic Foot (263,000 lb.) Pressure Discharge Covered Hoppers manufactured in 1998 by Trinity Industries	5	NRLX 056050 through NRLX 056054, inclusive
5650 Cubic Foot (263,000 lb.) Pressure Discharge Covered Hoppers manufactured in 1998 by Trinity Industries	20	NRLX 056060 through NRLX 056079, inclusive
5650 Cubic Foot (263,000 lb.) Pressure Discharge Covered Hoppers manufactured in 1998 by Trinity Industries	50	NRLX 056000 through NRLX 056049